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SUBJECT: KAZAKHSTAN: ANTI-MONEY LAUNDERING AND COUNTER-NARCOTICS
ASSISTANCE DONOR COORDINATION MEETING

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¶1. Summary: On June 18, the Embassy of the United Kingdom in Astana hosted a coordination meeting on anti-money laundering, adding an hour for discussing counter-narcotics assistance. Representatives of the World Bank, OSCE, UNODC, BOMCA/CADAP, and the Embassies of France and Germany provided briefings on the recent Eurasia Group Plenary Session and bilateral assistance programs. Representatives of the Procurator General's Office provided information on recent anti-money laundering developments. The officers expressing strong belief that Kazakhstan's financial intelligence unit will be established soon after the passage of the basic anti-money laundering law later this year and it will be placed under the authority of the Procurator General's Office. End summary.

EURASIA GROUP PLENARY IN SOCHI

¶2. Cari Votava, Senior Financial Specialist of the World Bank, reported about the Sixth Eurasia Group Plenary Meeting held in Sochi, Russia on June 11-15, highlighting that the EAG evaluation of Kazakhstan was postponed until November 2009, after expected passage of the basic AML law and establishment of the FIU.

¶3. Votava said that one of the central issues at the Plenary Meeting was the evaluation report on Kyrgyzstan prepared by the EAG Mandate Working Group on Mutual Evaluations and Legal Issues. She noted that Kyrgyzstan successfully passed the evaluation. The mutual evaluation of China is currently in process and the next countries to be evaluated are Tajikistan and Russia. EAG member states Belarus, China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan attended the plenary. (Note: The U.S. has observer status at the Eurasian Group. End note.)

AML LAW - FIU in KAZAKHSTAN? LATER RATHER THAN SOONER

¶4. Andrey Kravchenko, Head of the Department of Legal Oversight of State Agencies of the Procurator General's Office (PGO), reported that the PGO had submitted a request to Prime Minister Masimov to facilitate the establishment of the Financial Intelligence Unit (FIU), but the request was tabled pending passage of the AML law.

¶5. Notwithstanding the tabled motion, Kravchenko pointed out that at a recent meeting in the Presidential Administration, heads of law enforcement agencies, representatives of the central bank, and the regulators of the financial markets responded positively to the Procurator General's written proposal to establish the FIU under the Procuracy. He said that during the week of June 25 the Procuracy will draft the text of a Presidential decree on establishment of the FIU. The Procurator's Office expects to establish FIU very soon

after passing the AML law which is expected in late 2007 or early 2008.

PREPPING PRIVATE BUSINESS ON AML AND FIU

¶6. Kravchenko further reported that on March 30 officers of the PGO met with business representatives at the Forum of Entrepreneurs and addressed many of private sector concerns related to enactment of the AML law and establishment of FIU under Procurator's Office. He pointed that as soon as the Mazhilis (lower house of parliament) begins consideration of the draft AML law, interagency consultations by state agencies for private sector representatives will begin as well.

¶7. Regarding technical assistance, recently the PGO in cooperation with World Bank began conducting one day anti-money laundering seminars for officers from different law enforcement agencies. The next seminar will take place on July 5. (Note: Within its ongoing AML program, INL will sponsor additional training for future FIU analysts and investigators. End note.) With the assistance of the World Bank, several Kazakhstani law enforcement officers took courses in Syracuse, Italy on international experience in combating money laundering.

COUNTER-NARCOTICS

¶8. Tofik Murshudlu, UNODC Coordinator, provided a status report on the establishment of the Central Asia Regional Information Coordination Center (CARICC) in Almaty. To date, the presidents of five participating countries have signed the agreement on CARICC establishment. As soon as the presidents of Russia and Turkmenistan sign the agreement the document will be sent for ratification to the

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parliaments of the signatory countries. To avoid for a long delay while parliaments take action, UNODC proposes to launch a pilot phase of CARICC. Murshudlu assured participants that there is sufficient legal basis to start some functions of CARICC during the pilot phase. One benefit of the pilot project is that several ongoing counter-narcotics operations in Central Asia could be continued more easily from a central location and coordinated more effectively across national borders. Furthermore, the pilot phase would permit "test driving" the CARICC operational system (technical and managerial), allowing for modification before the official opening. Murshudlu called for financial support and active participation of key CARICC partners to ensure the proper launch of the center.

¶9. Catherine Inglehearn, British DCM, described the projects on transparency of budgets that the UK Embassy is implementing in Kazakhstan. She also mentioned that the UK and GOK have signed a memorandum of understanding on mutual assistance and exchange of intelligence information on money laundering crimes.

¶10. Jean Francois of the Embassy of France reported that he has invited French experts to conduct a drug intelligence seminar in Kyrgyzstan in September 2007. In October 2007 he plans to provide training on financial terrorism for officers of the National Security Committee (KNB). He is also working on developing training on detecting forgery of identification documents. All training is to be provided at the academies of the MVD and KNB. He is also arranging a visit of eight Kazakhstani KNB officers to France to meet counterparts and study experience of combating financial crimes. Francois underlined that KNB has a budget to contribute to all joint events.

¶11. Comment: In the eyes of the PGO, the thrice delayed AML law now appears to be gathering momentum. The PGO looks forward to the election of the new Mazhilis (lower house of parliament) in August 2007 and support from Presidential Administration to facilitate the adoption of the AML law. According to the current information,

analysis of the law is to conclude on November 11, 2007 and
consideration of the law in the Mazhilis is expected soon after.
End comment.

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